



Jeanne Min <jeanne.min@lacity.org>

Protect RSO units from Short Term Rental abuse

1 message

Veronica Perez <vp@veronicaperez.com>
To: Veronica Perez <vp@veronicaperez.com>
Cc: Anh Nguyen <an@veronicaperez.com>

Tue, Oct 20, 2015 at 8:25 AM

Greetings,

As you know, the City of Los Angeles is currently considering regulating the short term rental industry. We ask that you consider the following information regarding the short term rental of rent stabilized (RSO) housing.

-

City of Los Angeles Tenants and RSO Units Should Be Protected

Some have argued that tenants of RSO (rent stabilized) buildings should be able to sublease their units as Short Term Rentals (STRs). This is misguided and problematic for a number of reasons.

1. **Ease of Enforcement:** First, some of the most important housing units to protect are RSO (rent stabilized) units. Whole RSO units are being taken off the market because it is far more lucrative to rent an RSO unit as a de facto hotel room than as long-term housing for an Angeleno (in some cases, 5 times more lucrative).

Every other jurisdiction that has enacted STR regulations is finding them almost impossible to enforce. If Los Angeles should enact regulations that prohibit whole RSO units to be rented as STRs (i.e. limit STRs to primary residences), these regulations must be enforceable. If RSO tenants are subleasing their units as STRs, it will muddy the water and become much more difficult to enforce a ban on whole RSO unit rentals.

If all RSO units are banned as STRs, the enforcement agency could easily verify whether a short term rental is an illegal RSO rental: if the address is in an RSO building, it will not be allowed. Period.

2. **Illegal Subletting Should Not be Incentivized:** We cannot think of a scenario in which a scrupulous Landlord of an RSO building would permit a tenant to sublet their unit as an STR (charging 3-5 more times per night than they are paying for rent) -- why would any landlord allow a for-profit sublease of a unit the Landlord is mandated to rent at below market rates? Indeed, there is a standard provision in California rental leases that prohibits such a use, and at least one local Apartment Association is against this type of illegal subletting.

When an RSO tenant moves out, the Landlord has an opportunity to raise the rent to market rates. Landlords should not be given any more opportunities to evict RSO tenants and the City should not incentivize the illegal subletting of rent stabilized housing by permitting the short term rentals of RSO units.

In addition, as stated in point 1 above, allowing some RSO rentals muddies the waters and makes it much more difficult for the City to protect some of its most vulnerable housing and tenants.

3. ***Illicit Kick-backs Should Not be Incentivized:*** Some STR proponents have advocated for RSO units to be rented as short term rentals "if the person receiving the benefit of that transaction is the legal tenant of the unit and/or if the legal tenant has a specified agreement with the landlord (owner) of that property."

However, this type of scenario is inviting abuse. "Specified agreement with the landlord (owner) " could mean just about anything - including an illicit kick-back to the landlord which is currently occurring and should be halted. This incentivizes commercial double dealing and use of RSO units.

Most importantly, this scenario would present yet another enforcement quandary: The City would have to review every written agreement between a lessor and the lessee to determine if STR subletting is expressly permitted.

Also, for an article that discusses how Short Term Rentals are impacting rents in NYC, please see the following link: <http://therealdeal.com/blog/2015/10/14/how-much-does-airbnb-impact-nyc-rents/>

Finally, please see Senator Feinstein's Op-Ed in the San Francisco Chronical supporting SF's ballot measure to curb STR abuse:

<http://www.sfchronicle.com/opinion/article/Vote-Yes-on-Prop-F-Fix-the-Airbnb-mess-6574928.php?t=7d65957d5c&cmpid=twitter-premium>

Please let me know if you have any questions.

Veronica



Veronica Perez

655 S. Hope Street, Suite 1208
Los Angeles, CA 90017

Mobile: (626) 644-5525

Phone: (213) 221-7161 **Fax:** (213) 221-7128

vp@veronicaperez.com **www.veronicaperez.com**

GOVERNMENT RELATIONS | PUBLIC AFFAIRS | COMMUNITY OUTREACH | LOBBYING



Jeanne Min <jeanne.min@lacity.org>

Articles on Short Term Rentals

1 message

Veronica Perez <vp@veronicaperez.com>

To: Veronica Perez <vp@veronicaperez.com>

Tue, Oct 13, 2015 at 3:02 PM

Greetings!

I wanted to point out two recent news articles regarding the Short Term Rental Issue in LA. Please let me know if you have any questions or would like to discuss!

1) LA Times (Michael Hiltzik's) strong critique of Airbnb's recent study about its impact on the quality of life in Los Angeles: <http://www.latimes.com/business/hiltzik/la-fi-mh-airbnb-study-of-rentals-20150930-column.html>

a. His key quote: "Should you accept the study as the last word on the subject? Plainly not. Indeed, Airbnb may have misrepresented the study, which is obviously a major problem."

2) LA Opinion article regarding one tenant's experience with short term rentals: <http://www.laopinion.com/2015/10/05/denuncian-que-unidades-vacacionales-desplazan-a-inquilinos-en-los-angeles-airbnb/>

a. *Basic translation of the article:* In the last two and a half years, Carlos Camara started seeing how half of the apartments in the building where he lives in Venice turned into hotel rooms. From 32 apartments, between 15 – 18 have been remodeled to be rented out by tourists that in town for a few days.

The transformation of apartments/rooms for short term rentals has not only proliferated in Venice but throughout the City of Los Angeles. Rentals are made through companies like Airbnb operating an internet platform where people can choose vacation homes for a short period of time.

Those who are against this claim that the problem is that 7000 of homes and apartments have been taken off the market for them to be able to rent / live. Already, nearly 30% of Angelenos spends more than half his salary in rent payment.

"One no longer has neighbors and do not know who lives next door. There is no community or ability to organize," says Camara. And that's not all, he says, the noise has increased and some have already experienced theft. And if that was not enough, the landlords have asked me to give up my parking space, to which I have hired a lawyer to help me fight this matter.

Councilman Gil Cedillo who serves on the housing committee of the Council of Los Angeles in search of a new law to regulate short term rentals, however, He said short-term rents are a global phenomenon and the City needs to find a balance. "We have a crisis in our hands, and we are not about to lose one single unit to turn it into a short term rental."

Chris Nulty, Airbnb spokesman said most of the people who rent rooms are middle class, which makes it to supplement their income. Estimated that 82% of 4,500 units are residents living at home and use the proceeds to pay their mortgage.

**Veronica Perez**

655 S. Hope Street, Suite 1208
Los Angeles, CA 90017

Mobile: (626) 644-5525

Phone: (213) 221-7161 *Fax:* (213) 221-7128

vp@veronicaperez.com *www.veronicaperez.com*

GOVERNMENT RELATIONS | PUBLIC AFFAIRS | COMMUNITY OUTREACH | LOBBYING